

Effect of anti-money laundering norms on rural insurance

2194. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

- (a) whether anti-money laundering norms hit rural insurance;
- (b) if so, the reasons therefor; and
- (c) the action taken to rectify the problem areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Anti-money Laundering (AML) guidelines to insurers were issued by the Insurance Regulatory & Development Authority (IRDA) (effective from 1st August, 2006 in the case of life insurance companies and 1st January, 2007 in the case of non-life insurance companies) to ensure compliance with "The Prevention of Money Laundering Act, 2002". These guidelines are applicable to all the products of both life and general insurance industry except for the exempted products specifically given out in the guidelines i.e. Standalone Medical/Health Insurance products, Group Insurance business and Term Life Insurance contracts. IRDA has further reported that it has not received any feed back on the impact of these guidelines on rural insurance. However, it does not envisage any adverse effect of these guidelines on rural insurance.

Increase in volume of priority sector lending

2195. SHRI S.S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

- (a) whether Government/RBI are contemplating to increase the volume of priority sector lending by Banks;
- (b) if so, whether such enhancement would be uniform for all borrowers falling under the priority sector category or for farmers only;
- (c) by when the proposed guidelines for priority sector lending are expected to be enforced; and
- (d) the outstanding volume of loans disbursed under priority sector as on 30th September, 2006 and the volume of additional loans estimated to be disbursed under the proposed guidelines annually over the next two years?